MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BAC7134 – CASE WRITING AND ANALYSIS

(MACC Weekend)

14 AUGUST 2016
10:00 am – 1:00 pm
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5 printed pages** (excluding the cover page) with **2** questions only.
2. Answer **ALL** questions.
3. Answer in the answer booklet provided.
4. Marks are shown at the end of each question.

QUESTION ONE

DCS: Survival of a small scale cleaning company

The Company

Categorised as one of Malaysian small and medium scale businesses, Diamente Cleaning Services (DCS) was established in 1994. DCS specialises in building cleaning task such as hospitals, offices, students' hostels, cafeterias, libraries and other parts of building. Other than cleaning jobs, DCS also offers lawn care such as grass mowing and plants trimmings.

The business was initially founded by Ali. Fifteen years after the establishment, an additional investment was contributed by Nassir, who injected some other capital, thus owning a total of 35% of the business. Ever since the additional investment, DCS totally navigated its core business into cleaning. Prior to that, DCS also did some maintenance job for fire fighting and safety system.

The business operates out of a central office in Kajang with two storage facilities which located in Segamat and Seremban. These two storage facilities were set up when DCS engaged cleaning projects with Segamat government councils building and Plaza Ampangan, Seremban during early 2000s. Ali still maintained the store as there are some machines and cleaning tools kept inside. "Some of these rusty tools could still be useful if DCS gain any cleaning tender in southern region" Ali whispered to Nasir when he suggested shutting down the stores.

Among the projects that DCS are currently engaging include cleaning of residential colleges in Universiti Teknologi MARA, Shah Alam; cleaning of administrative office in Kolej Professional MARA, Banting; grass mowing at old Defence Airport in Sungei Besi; and cleaning job in Youth Hostel in Cheras, Kuala Lumpur.

As a medium scale company, financial resources are quite crucial. DCS faces challenges in allocating personnel cost, as well as matching other operating expenses with revenues generated from its services.

Another major problem is getting cleaning crews who are free from visa and legal issues. The usual practice for DCS is to employ some foreign (Indians and Indonesians) cleaning crews. DCS fully supported these foreign crews' visa and levy charges. For a single foreign cleaning crew, DCS has to spend about RM10,000 for the necessary legal documents and procedures. This also includes the management of transporting these crews from their origin to Kuala Lumpur. Apart from that, DCS is also responsible in preparing all of the complicated supporting documents in order to bring these foreign crews into Malaysia. In order to attract local people to join as cleaning crews, attractive wages package were introduced.

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Cleaning industry

Any cleaning contractor in Malaysia must register their business with Ministry of Finance (MOF). A special MOF code will be granted to these businesses to allow them to bid any government cleaning project. The project will be advertised in local newspaper and tender bids are welcomed from these registered contractors. A special Bumiputera1 status could also be applied from MOF for any business that suits the criteria. This status is apparently a special incentive given to Bumiputera contractors in order to balance the business communities in Malaysia. Besides government and its agencies, cleaning contracts are also commonly offered by statutory agencies or private parties. Among the specific cleaning jobs offered are building maintenance, lawn trimming and maintenance, landfill transfer, and solid waste or garbage collection. The types of garbage cover domestic waste, bulk waste, industrial waste and toxic waste.

The number of registered cleaning contractors keeps growing over the years. However, this is in line with community needs. For instance, according to Seberang Prai city council, an individual produce 1.2kg of garbage per day while each residential premises produce 6kg of daily garbage. Therefore cleaning contractors have become highly demanded by all levels of societies including business premises, residential premises and public area. Cleaning contractors have to ensure their equipment, tools and machines are sophisticated or at least able to cope with these high demands. Compact waste truck, lorries, excavators and loaders are among the eminent assets that help cleaning contractors for competitive advantage.

Services and values

Services offered by DCS guarantees the client's asset safety, privacy and security. After office cleaning job is performed, all cleaning crews will be checked thoroughly to ensure everyone is free from being the prime suspect, should cases of any theft happened. Cleaning crews are also continuously reminded not to take out any items from clients' premises.

In addition, DCS also offers services that are environmentally friendly, both in the products used and in their methods of disposal. Moreover, DCS also practices recycling and sorting out the dumping collection into appropriate bins. Normally, at the end of each cleaning job, cleaning crews will sort garbage collected into plastics, glass and paper wastage. DCS believes that healthy and environmental friendly business is an important contribution to safely keep the environment and public at large interest.

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"Reputation and business image has also been reflected from the way we conducted our business operation", Ali explained to DCS executives, project managers and project supervisors in a recent meeting. "DCS should emphasize the customers' satisfaction. Besides that, this company also values its employees by establishing comfortable working environment, and responsive towards the environment demands", Ali added.

Start-up expenses

The start-up expenses for the business reflect the legal permitting required from the Finance Ministry and Companies Commission of Malaysia. Initially, for the office set up, Ali purchased some office furniture and computers. He also bought cleaning equipment including vacuums and basic cleaning tools (mops, brooms, buckets, etc). Buffing machines and delivery van were purchased via vendor leased scheme and hire purchase, while other necessary cleaning tools are paid by cash.

Personnel Plan and benefits

As cleaning services involve huge manpower as its ultimate resources, personnel plan is then became very crucial. This could help to avoid any unnecessary recruitment of cleaning crew and maintain sufficient resources capacity. Ali found out that DCS cleaning crew wages comprise almost two third of the entire operating expenses. Local crews' wages includes SOCSO (social security organisation charge for protection of workers related to employment injury, including accidents in the course of employment, occupational diseases, invalidity and death) and employee provident fund (EPF) — Malaysian social security scheme for future saving. For SOCSO, DCS is charged based on crew's basic wage as specified by SOCSO Contribution Schedule. Under EPF scheme, DCS contributes 12% from the basic wage for each crew. For foreign crews, SOCSO is necessary; however, not for EPF. Nonetheless, as mentioned earlier, foreign crews incur high visa cost, levy charges and transportation expenses.

The number of cleaning crews recruited would depend on the project capacity and it was initially agreed on the project tendered. Hence, total wages vary for each project. Each cleaning project crew will be headed by a supervisor. Two supervisors are in charge of large capacity project (normally for 50 cleaning crews and above). Project manager and administrative executive also involved in monitoring the project. Currently, there are two project managers in DCS.

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Cleaning crews consist of full-time crews and part timers who work on an hourly basis. All of these part time crews will be hired at a higher hourly charge — RM 7.00/ hour (compared to fulltime crew if their wages is being pro rated) but normally, overtime will be limited. Ali prefers to pay overtime rather than to appoint additional crew as seeking available local cleaning crew is not easy as it is thought. Some benefits offered to DCS crews are uniforms, accommodation and transportation. Ali provides each crew with 2 sets of uniforms. For accommodation, the company rents a house to accommodate these crews. The crews are given an option to choose their own accommodation – either stay in the provided rented house or stay at their own rented place. If they choose to rent outside, obviously the crews will have to pay more than the RM80 charged on DCS's provided accommodation.

Ali and Nasir receive compensation through profit sharing based on each project net margin. Rita, the finance executive is in charge on all cash flow matters and business funding operation. Salman acts as Rita assistant focuses on DCS business and serves daily monetary transaction necessity. Meanwhile, DCS also hired Lokman as administrative executive who is responsible for fulfilment of cleaning services, scheduling, quality assurance procedures, and human resources needs. There were several times that Ali worries if DCS fails to pay these three staffs if he can't secure any good future contract.

Future Planning

For survival, Ali put much effort in planning ahead DCS business activities. Ali plans to introduce residential cleaning services, where the company will provide house cleaner for targeted residential areas. One potential area is where the population is high with middle to high class occupants; with parents who are normally occupied with work. The charge will be based on hourly basis and the cleaning routines will be discussed by DCS with the clients in details. Ali believes this plan will not only boost DCS operating revenue, but this will also imply how their business cares about today's social and community needs. With the escalation of negative issues of domestic helpers in Malaysia; criminal cases, ran away maid, unfair pay to house helper, child abuses and others, DCS plan will definitely settle house owners' nightmare by offering day house cleaning with a close supervision by the company. Ali is in dilemma to sustain and improve DCS business operation.

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Profit and Loss account for year ending 31 December	2013	2014	2015
Net Sales	4,294,245	4,405,451	4,588,484
Cost of sales	2,071,886	2,197,699	2,284,023
Gross profit	2,222,359	2,207,752	2,204,461
Expenses			
Administration	662,146	703,597	737,515
Financial	118,041	189,429	194,758
Total Operating Expenses	780,187	893,026	932,273
Operating Profit	1,442,172	1,314,726	1,272,188
Less : Management Fees	43,900	44,300	45,600
Profit Before Taxation	1,398,272	1,270,426	1,226,588

REQUIRED:

Prepare a case analysis

a. identifying the key issues they face and evaluating the alternative strategies that they can deploy to handle those issues. Clearly indicate your evaluation criteria and conclusions.

(40 marks)

b. explaining the resources and competences of DCS (hint: use the SWOT or TOWS matrix) that would determine their success.

(20 marks)
(TOTAL: 60 MARKS)

QUESTION TWO

(a) If you are writing a decision case, how would you structure the opening paragraph and body of the case?

(20 marks)

(b) What type of data display would be appropriate for the following scenarios? Provide examples or illustrations.

a. The relationships between different individuals within an organization.
b. The themes that has emerged from the study, their meanings and supporting evidences.
c. The chronology of events and critical incidents that lead to a crisis.
d. The listing of decisions that need to be made to arrive at an output.

(20 marks)
(TOTAL: 40 MARKS)
Total: 100 marks)

End of paper